THE
Dan Smoot Report

Vol. 15, No. 19 (Broadcast 716) May 12, 1969 Dallas, Texas

DAN SMOOT

Bureaucracy Out Of Control

The federal government has 6.4 million employees (2.9 million civilian employees; 3.5 million uniformed personnel in the armed forces [1]). This does not include many thousands who draw regular stipends of tax money from federal agencies as poverty warriors, Job Corps trainees, and so on.

The government owns 767 million acres of land (one-third of all land in the U.S.) and leases another 1.7 million acres; and it owns 421,493 buildings with more than 2.5 billion square feet of floor space. The value of government real estate is estimated at $103 billion.[2]

Among the government's moveable properties (estimated to be worth about $200 billion) are some 380,000 vehicles, 46,472 airplanes, and 906 ships.[2]

The federal government takes from the people and spends about $245 billion a year. This spending constitutes more than one-fourth of what is called the gross national product.[2]

The sprawling bureaucracy — with hundreds of departments, agencies, bureaus, commissions, and boards in Washington, plus thousands of field offices scattered throughout the country — operates under laws that fill 16 volumes (11,749 pages) of *The United States Code.*[1]

In addition to these laws of Congress, which provide the "mandate" and "authority" for the bureaucracy's operations, the federal bureaucracy itself (to keep its own and all the rest of us in line) disgorges rules, regulations, proclamations, and orders, in such torrents that no one can read them all. These administrative ukases of the federal bureaucracy already fill close to 200 volumes (about 95,000 pages); and they are still pouring out at the rate of approximately 16,000 pages a year.[3]

The federal bureaucracy uses more than a trillion pieces of writing paper a year; but it does not know what it is doing, and neither does anyone else, as the following statement by a U.S. Congressman shows:

"A Library of Congress report revealed that the federal government spends nearly $4 billion a year on research and development in its own laboratories, but does not know exactly how many labora-

THE DAN SMOOT REPORT is published weekly by The Dan Smoot Report, Inc., Box 9538, Dallas, Texas 75214 (office at 6441 Gaston Ave.). Subscriptions: $18.00 for 2 years; $10.00, 1 year; $6.00, 6 months. Dan Smoot was born in Missouri, reared in Texas. With BA and MA degrees from SMU (1938 and 1940), he joined the Harvard faculty (1941) as a Teaching Fellow, doing graduate work in American civilization. From 1942 to 1951, he was an FBI agent; from 1951 to 1955, a commentator on national radio and television. In 1955, he started his present independent, free-enterprise business: publishing this REPORT and abbreviating it each week for radio and TV broadcasts available for commercial sponsorship by business firms.

Copyright by Dan Smoot, 1969. Second Class mail privilege authorized at Dallas, Texas.

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tories it has, where they are, what kinds of people work in them, or what they are doing."[4]

The government does not know how many programs it has going. Some 1200 (which lend or give away 20 billion tax dollars a year) were listed in *Catalog of Federal Assistance Programs*, a 701-page volume published in 1968 by the Government Printing Office.[2, 5]

The federal budget is an incomprehensible document of about 1000 pages crowded with fine print. No one person writes or prepares the budget; and no one person ever reads it.

Budget requests are prepared by thousands of government employees, in hundreds of different agencies, who work full time spending tax money to justify demands for more tax money. They produce charts, graphs, statistical tables, and commentary; and they prepare summaries which go to the Director of the Budget, who uses them for writing the President's budget messages. Carefully prepared presentations go with each agency representative who appears before committees of Congress to testify in behalf of the budget requests.

Members of Congress who appropriate our money to pay for the bureaucracy's operations cannot find out what the bureaucracy is doing.

A Congressman cannot read more than a small percentage of the total budget. He can look over a few sections dealing with matters of special interest to his constituency, or of special importance to his long-range political ambitions; but, for the most part, he must depend on testimony from government agencies to determine what is in the budget and whether it should be there.

Each witness from each agency, armed with material that a corps of government specialists has spent a full year preparing, has anticipated every question Congressmen can ask in the few minutes they have for questioning. Every bit of testimony from every executive agency of government is designed to show that the safety, prosperity, happiness, and general welfare of the nation will be impaired if Congress cuts budget requests.

Each agency head knows that no Congressman can study the operations of his agency thoroughly enough to know where important savings could be made; yet, he also knows that many Congressmen, answerable to the people whose money is being spent, must make gestures in support of economy. The executive agencies make it easy for Congress: they pad their budget requests, asking for more than they expect. Congressmen, "fighting for reduction in spending," can reduce federal budget requests a few hundred million dollars and still give all agencies all they expect. The Congressmen can then go before their voters and boast that they have successfully fought for economy and efficiency in government, while big government continues to grow bigger.

Overlapping of responsibilties and functions of government agencies adds confusion and cost. For example, federal health programs are administered by eight cabinet departments and 12 independent agencies; 15 federal agencies run 79 training and education programs; nine federal programs deal with job recruitment; three deal with treatment of deaf children; five handle on-the-job training for the poor; 30 are involved in teacher-training activities; utilities are being "regulated" by at least 27 different federal agencies; there are some 35 separate federal housing programs, and 20 different transportation programs; 28 federal agencies are involved in the nation's cultural and recreational activities; 62 different agencies provide community assistance facilities; 9 different departments and agencies, with 192 installations, manage 1000 federal projects having to do with pollution; nearly 300 "consumer protection" operations are administered by 35 federal agencies; in one medium-sized city there are sometimes as many as 140 separate "urban projects" administered by several different federal departments.[1, 4]

Efforts by Congress or the President to control the bureaucracy always miscarry, because the bureaucracy is simply too big and powerful to be comprehended, much less controlled.

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

For example, in September, 1965, President Johnson issued a directive to all federal department heads saying:

"We must redouble our efforts to economize on personnel costs."[3]

Within the next two months, federal employment increased by 31,037.[3]

The President then decreed that 25,000 federal jobs be eliminated by July, 1966. Instead, federal employment increased by 187,506; and the federal payroll was $21.2 billion a year, almost twice what it had been ten years before.[3]

During the 1968 political campaign, Richard Nixon promised a "streamlined federal system — with a return to the states, cities, and communities of decision-making powers rightfully theirs." He said:

"We must cut government spending, and let people spend more of their own money in their own way. . . . Every major program, defense included, must be scoured for economies."[6]

Five days after his inauguration as President, Nixon set all agency heads to scouring. He ordered them to review the $195.3 billion budget Johnson had submitted for the fiscal year ending June 30, 1970. They did, suggesting increases here, decreases there, the net result being a recommended *increase* of $1 billion. The agency heads also found that President Johnson had underestimated, by $1.5 billion, expenditures on certain programs called "uncontrollable."[7]

Thus, the review which President Nixon ordered, instead of reducing expenditures below the $195.3 billion budgeted by President Johnson, *increased* the budget estimate for the next fiscal year to $197.8 billion. President Nixon ordered another review.[7] Eventually, he announced a new budget that would show a surplus for the next fiscal year; but no one really expects the government to stay within the budget.

During the political campaign last year, Nixon promised to reduce the national debt; and he denounced the established presidential practice of asking Congress to raise the debt ceiling every year — and hereby hangs an interesting tale.

Federal taxes for social security and for building highways are collected separately (payroll taxes for social security, sales taxes on gasoline for highways). These funds are supposed to be deposited in special trust funds and used only on the programs for which they were raised. The government does deposit them in trust funds, but then "borrows" them immediately for general purposes. Thus, the government always "owes itself" billions of dollars that are supposed to be in trust funds. The trust funds, which are supposed to contain those billions, contain, instead, the government's IOU's to itself.

The official national debt which the public hears about represents the net of what government has borrowed from the trust funds (and, thus, "owes to itself"), plus the net of what the government has borrowed from the general public (by selling bonds and securities).

This official national debt (what the government owes itself plus what it owes the public) does not include trillions of dollars which the government has obligated itself to spend in the future; but it is, nonetheless, a staggering figure, which has been increasing by about $10 billion a year.

In 1938, Congress passed a law putting a $30 billion "ceiling" on the national debt — saying the federal government would never be permitted to go in debt more than $30 billion. The bureaucracy kept on spending until the debt was at the ceiling; and the government had no cash reserves to meet current obligations (including the payment of congressional salaries). The President asked Congress to raise the debt ceiling so that the government could continue to operate. Congress complied.

This governmental farce has been enacted and re-enacted many times in the last 30 years. Thus, the authorized national debt ceiling escalated from $30 billion in 1938 to $365 billion by the end of 1968.

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

On February 23, 1969, President Nixon made a proposal to do something about the perpetually rising national debt ceiling. He did not suggest reduction in federal expenditures, but a change in bookkeeping procedures. He asked Congress to reduce the authorized national debt ceiling to $300 billion, making it apply only to what government owes the general public, excluding what government "owes itself" as a result of borrowing from trust funds.[7]

Congress rejected the deceptive bookkeeping system President Nixon proposed.[8]

The President then asked Congress to raise the debt ceiling. On March 20, 1969, the House complied (by a margin of 220 votes, with 41 Republicans voting *no*), raising the debt ceiling to $377 billion. The last previous raising of the national debt limit was in 1967, when the House (by a margin of 21 votes, with all Republicans voting *no*) raised the ceiling to $365 billion.

In 1968, candidate Nixon held out hope of letting the Johnson 10% surtax expire on June 30, 1969. On March 26, 1969, President Nixon asked Congress to extend the surtax another year. He also asked Congress to continue federal excise taxes scheduled to expire on June 30, and to impose new taxes. On the same day (March 26), the President — still promising reduced spending "to meet the inflationary threat" — revealed that he will ask a 7% general increase in spending on social security, the inflationary impact of that rise to be offset with a $1.7 billion increase in social security taxes.[9]

By voting for politicians who promise us something for nothing out of the federal treasury, we have built in Washington an incomprehensible, uncontrollable system which is sapping the strength and courage and moral integrity of the nation.

The system cannot be streamlined or reformed. It must be abolished. The federal government must be restricted to the exercise of powers delegated to it in the Constitution. That would mean eliminating at least 75% of all present government programs. And that will never be done until we abolish the federal income tax by adopting the Liberty Amendment.

When the federal bureaucracy can get its hands on only enough of our money to perform the lawful functions of the federal government, then — and *only* then — will the federal bureaucracy be controlled and forced to operate legally within the confines of power constitutionally granted to it.

FOOTNOTES

(1) "Big Government — Is It Out of Hand?", *U.S. News & World Report*, Mar. 24, 1969, pp. 28-30

(2) "How Big Is Government?", editorial, *Shreveport Journal*, Dec. 31, 1963; *Reports From Washington*, by U.S. Rep. Richard L. Roudebush, April 3, 1969

(3) "Big Brother Is Here," *The Reader's Digest*, Nov., 1966

(4) *Reports From Washington*, by U.S. Rep. Richard L. Roudebush, May 23, 1968

(5) *Birmingham News*, as quoted in *The Review of the News*, Aug. 21, 1968, p. 16

(6) "The Promises That Nixon Has Made," *U.S. News & World Report*, Mar. 3, 1969, pp. 50-2

(7) AP dispatch from Washington, Mar. 24, 1969; "New Debt Ceiling Is Asked By Nixon," by Edwin L. Dale, Jr., *The New York Times*, Feb. 25, 1969, pp. 1, 26

(8) "Debt Plan Stirs Doubts In House," by Edwin L. Dale, Jr., *The New York Times*, Mar. 6, 1969, p. 19; "Debt Ceiling Plan Blocked In House," by Edwin L. Dale, Jr., *The New York Times*, Mar. 7, 1969, pp. 1, 16

(9) *The Dallas Times Herald*, Mar. 26, 1969, p. 1; *The Dallas Morning News*, Mar. 27, 1969, p. 1

Subscribe Today to The Dan Smoot Report

6 mos. $6.00 – **1 YR. $10.00** – 2 yrs. $18.00

THE DAN SMOOT REPORT
BOX 9538, DALLAS, TEXAS 75214
Telephone: TAylor 1-2303

Send reprints to your friends and suggest they order reprints too.
REPRINTS OF THIS ISSUE (for bulk mailing to one address):

1 copy	$ .25	100 copies	$6.50
10 copies	1.00	200 copies	12.00
25 copies	2.00	500 copies	28.00
50 copies	3.50	1000 copies	50.00

Texans Add 4% for Sales Tax
(Add 50c for special-handling postage)

PRODUCED BY UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED